

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

IN RE:  REVIEW OF EMISSIONS PLAN AND BUDGET REQUIREMENT	DOCKET NO. NOI-03-4
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**ORDER INITIATING INQUIRY**

(Issued August 14, 2003)

The Utilities Board (Board) is initiating this inquiry to review the emissions plan and budget requirement in Iowa Code § 476.6(25) (2003). This inquiry is identified as Docket No. NOI-03-4.

In June 2001, the Iowa General Assembly enacted and the Governor signed House File 577. This legislation included a new provision requiring each rate-regulated electric utility that owns coal-fired power plants to develop a “multiyear plan and budget for managing regulated emissions from its facilities in a cost-effective manner.” The two affected rate-regulated utilities, Interstate Power and Light Company and MidAmerican Energy Company, each filed an emissions plan and budget with the Board in the spring of 2002. The Board assigned these contested cases to an Administrative Law Judge. The cases were assigned docket numbers as follows: Interstate Power and Light Company, Docket No. EPB-02-150; MidAmerican Energy Company, Docket No. EPB-02-156.

In March 2003 after development of an extensive record and hearings in each docket, the Administrative Law Judge issued her proposed decisions. Various

parties filed appeals and responses to appeals from the proposed decisions, but no party requested an opportunity for argument. The Board issued orders in April 2003 setting the issues to be considered on appeal and setting dates for briefs on the issues. In July 2003 the Board issued orders in each docket affirming the proposed decision and order of the Administrative Law Judge.

Iowa Code § 476.6(25)(g) states: "The board shall report to the general assembly by January 21, 2003, on the appropriateness and desirability of requiring the municipal utilities and the rural electric cooperatives to file multiyear plans and budgets for managing regulated emissions from their electric power generating facilities fueled by coal and located in this state, similar to the process required for rate-regulated public utilities under this subsection."

On January 14, 2003, the Board submitted a report to the Legislature in which it stated that once the EPB contested cases for the rate-regulated utilities were concluded, the Board would "open an inquiry to discuss the statute, its implementation, and whether to recommend requiring emissions plans and budgets from the municipal utilities and rural electric cooperatives. This inquiry will provide a forum for all parties to provide input and to allow thorough consideration of the issues. A final report will be submitted to the General Assembly in January 2004."

The Board issued its orders affirming the proposed decisions in the EPB cases on July 17, 2003. The Board can now open the promised inquiry with the goal of developing recommendations and issuing a report by November 26, 2003. Although the Board stated that a final report would be delivered in January 2004, any

recommendation for statutory change must be sent to the legislature by Thanksgiving, so an earlier target date is appropriate.

The Board will request comments from interested persons concerning whether it would be appropriate and desirable to require municipal utilities and rural electric cooperatives to file emissions plans and budgets. The inquiry will focus on possible statutory changes. Possible rule makings will be addressed in another proceeding, if necessary. The Board will seek one round of written comments to be followed by a workshop, which will be conducted by Board staff. After the workshop, staff will report to the Board with recommendations and the Board will issue a report to the Legislature, which may include proposed statutory changes.

The Board will appoint Gordon Dunn as the inquiry manager for this proceeding. Questions about the inquiry should be directed to Gordon Dunn at (515) 281-7051 or by email at [Gordon.Dunn@iub.state.ia.us](mailto:Gordon.Dunn@iub.state.ia.us).

Persons interested in participating in this inquiry should file written answers to the following questions.

1. Please provide the name, address, telephone number, and email address of the person who wishes to participate in this inquiry and state on whose behalf the person is participating.
2. Iowa Code § 476.6(25)(g) states: "The board shall report to the general assembly by January 21, 2003, on the appropriateness and desirability of requiring the municipal utilities and the rural electric cooperatives to file multiyear plans and budgets for managing regulated emissions from

their electric power generating facilities fueled by coal and located in this state, similar to the process required for rate-regulated public utilities under this subsection." Would it be appropriate and desirable to require municipal utilities and rural electric cooperatives to file emissions plans and budgets for their coal-fired generation plants? Why or why not?

3. A substantial number of coal-fired generating plants in Iowa are owned in whole or part by municipal utilities and rural electric cooperatives. See the staff report issued by the Iowa Utilities Board, "Facts Concerning the Consumption and Production of Electric Power in Iowa," August 2000, Appendix D (this report can be found on the Board's Web site, at [www.state.ia.us/government/com/util/util.htm](http://www.state.ia.us/government/com/util/util.htm), on the page listing "Agency Reports"). Are there any other coal-fired plants owned by municipal utilities and electric cooperatives that are not listed in this report?

4. Do you recommend any other changes to Iowa Code § 476.6(25)? If yes, please provide the recommended statutory language with an explanation of why you recommend the change.

**IT IS THEREFORE ORDERED:**

1. An inquiry identified as Docket No. NOI-03-4 is initiated to review the emissions plan and budget requirement in Iowa Code § 476.6(25) as discussed in this order.

2. Interested persons shall file an original and ten copies of written comments with the Board responding to the questions in this order on or before September 15, 2003.

3. A workshop to receive oral comments from interested persons will be held on Wednesday, September 24, 2003, beginning at 9 a.m. in the Board hearing room, 350 Maple Street, Des Moines, Iowa. The workshop will not be formally recorded. Each person present will be given the opportunity to make a short oral presentation. Each person who plans to attend and make a short oral presentation at the workshop should notify Gordon Dunn no later than Monday, September 22, 2003. After the presentations, the workshop will be opened up for informal discussion. The workshop will conclude no later than 4:30 p.m.

4. The Board's Records and Information Center shall send copies of this order to all electric utilities in Iowa.

**UTILITIES BOARD**

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper  
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 14<sup>th</sup> day of August, 2003.